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*1965 Annual Report
to the Shareholders*



NEW
FAR
NORTH
EXPLORATION
LIMITED

NEW FAR NORTH EXPLORATION LIMITED

CAPITALIZATION	<p>AUTHORIZED — 4,000,000 SHARES (no par value)</p> <p>ISSUED — 2,970,003 SHARES (of which 750,000 in escrow)</p>
OFFICERS AND DIRECTORS	<p>C. C. HOOPER - - - - - <i>President</i></p> <p>J. N. KINSEY - - - - - <i>Vice-President</i></p> <p>SAM TAYLOR, F.C.I.S. - - - - - <i>Secretary-Treasurer</i></p> <p style="text-align: center;">All of Toronto, Ontario.</p>
REGISTRAR AND TRANSFER AGENT	<p>EASTERN & CHARTERED TRUST COMPANY</p> <p>1901 Yonge St., Toronto 7, Ontario</p> <p>Also Montreal, Calgary and Vancouver</p>
CONSULTANTS	<p>R. MASSEY WILLIAMS, P.Eng. - - - - - Toronto, Ontario</p> <p>S. J. HUNTER, P.Eng. - - - - - Vancouver, B.C.</p>
EXECUTIVE OFFICE	<p>85 Richmond Street West, Toronto 1, Ontario</p> <p>HEAD OFFICE:</p> <p>529 - 17th Avenue S.W., Calgary, Alta.</p> <p>REGISTERED OFFICE:</p> <p>Credit Foncier Building, 850 West Hastings St., Vancouver, B.C.</p>
LISTED	<p>The Calgary Stock Exchange</p>

On the Cover — An example of MOLYBDENITE ORE.

October 11th, 1966.

"FAIR" CLAIM GROUP
ROSS RIVER DISTRICT
Yukon Territory

of

NEW FAR NORTH EXPLORATION LTD.
Suite 1024 - 85 Richmond St. West,
Toronto, Ontario.

AREA-

18 claims, contiguous block.

<u>Name</u>	<u>Claims</u>	<u>Number</u>
Fair	11 to 16	6
"	41 to 46	6
"	91 to 96	6

STATUS-

By agreement, dated March 2, 1966, the Company purchased a 90% interest in these claims from the Ross River Syndicate.

PRELIMINARY REPORT-

- By Mr. S. J. Hunter, P. Eng., of Vancouver, B.C. dated January 28, 1966, printed in and forming part of New Far North Exploration Ltd Prospectus dated April 1st, 1966.

- States that:

- " The "Fair" group of mineral claims is located on the south slope of the Anvil Range between Rose Creek and Anvil Creek and occupies a favourable bed of schists, which flank granite outcrops to the north and west of the claims.
- " The Tintina Overthrust Fault (N55W) which occupies the Pelly River Basin is the principal geological feature of this area.
- " The favourable beds of schists, which are included within the terminology of Mississippian sediments are located between this fault and the Anvil Mountain Range which, in turn, is comprised of granitic rocks within the classification of quartz monzonite and granodiorite commonly porphyritic.
- " The lower Mississippian unit is several thousand feet thick. Near the granitic rocks this unit locally contains sulphide minerals.
- " The Vangorda Creek deposit consists mainly of disseminated pyrite, galena, sphalerite and minor chalcopyrite in gently dipping sericitic schists near their contact with the granitic rocks. This deposit is within the property of Vangorda Mines Ltd., a subsidiary of Kerr Addison Mines Ltd. It is estimated to contain 9,400,000 tons of 8% combined lead - zinc, 0.3% copper and 2.0 ozs. of silver per ton.
- " Kerr Addison Mines Ltd have a further property some 7½ miles south-east of the Vangorda Creek deposit, which is generally known as its Swim Lakes Property.

PRELIMINARY REPORT cont'd.

and have encountered both massive and disseminated mineralization over an extensive area.

- " Some 10 miles north-west of the Vangorda Creek deposit, Alvin Mining Company, an operating subsidiary company of Dynasty Explorations and Cyprus Mines have developed the "Faro" anomaly, which is one of 5 anomalous zones spread over a distance of 20 miles. The "Faro" anomaly currently under development by 5 diamond drills and 2 overburden drills has indicated an excess over 30,000,000 tons grading 8% combined metals in lead-zinc and minor values in copper and silver.

NOTE - Therefore, within the geological horizons as described above and along a partial length of 20 miles in a general north 55 west direction, three major ore bodies have been recently developed.

- " The property of New Far North Exploration Ltd., is located some 10 miles further north-west of the "Faro" orebody of the Anvil Mining Company, and is also within the same geological horizons as the above mentioned ore deposits.

ROSS RIVER SYNDICATE DEVELOPMENT - Airborne Survey.

- " On April 27th and 30th, 1966 an airborne geophysical survey was flown by Canadian Aero Service Ltd for Ross River Syndicate in the Ross River Area of the Yukon Territory. This area consisted of 130 claims located on the south slope of the Anvil Range between Rose Creek and Anvil Creek.

NOTE - This is the opening paragraph under "Introduction" from a Report (with map) of the survey, dated July 11th, 1966.

- " The geophysical work consisted of a magnetometer survey by helicopter.
- " The most interesting feature on the property is a distinct anomaly having an amplitude of 225 gammas.
- " The anomaly is an elongated, slightly crescent-shaped structure trending roughly east-west. It measures approximately 1 3/4 miles by 1/4 mile in width.
- " The anomaly displays its greatest intensity at its western limit where the magnetic readings rise from a background of 2875 to a high of 3100. This part of the anomaly is 1/2 mile long and 1/4 mile wide and strikes approximately south-east. From this local high the anomaly tapers off gradually to background over a distance of one mile in an easterly direction still maintaining a width of slightly over 1/4 of a mile. The structure was picked up on 4 adjacent flight lines.
- " This anomaly appears to lie on claims FAIR 37,38,39 and 40 and appears to extend into FAIR 41 and 42.

NOTE - It is important to know and remember that claims FAIR 41 and 42 are part of the New Far North Exploration Ltd. group of 18 claims.

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Claims FAIR 37,38,39 and 40 ~~were~~ held by Mr. R.W. Falkins being part of an adjoining north-westerly group of 18 claims numbered: -

<u>Name</u>	<u>Claims</u>	<u>Number</u>
Fair	5 to 10	6
"	35 to 40	6
"	85 to 90	6

ROSS RIVER SYNDICATE DEVELOPMENT cont'd.

Consolidated Bellekeno Mines Ltd. also held title to 18 claims adjoining to the north-west of the "FALKINS" group and are Numbered: -

<u>Name</u>	<u>Claims</u>	<u>Number</u>
Fair	1 to 4	4
"	31 to 34	4
"	61 to 62	2
"	75 to 76	2
"	81 to 84	A
"	119 to 120	2

Due to the possibility of errors attendant to the correct location of aerial geophysical anomalies to ground features such as claim locations, it was considered advisable to amalgamate the three groups of 18 claims each under a mutual agreement before undertaking further ground exploration work.

AMALGAMATION OF INTERESTS

JOINTLY OWNED

Accordingly, New Far North Exploration Ltd. and Consolidated Bellekeno Mines Ltd. have ~~acquired~~ a 90% ~~joint~~ interest in the 18 claim group ~~formerly~~ held by Mr. R.W. Falkins.

FURTHER DEVELOPMENT

Subsequent to the amalgamation of interests, a further report and maps covering the 45 claim group has been received from Mr. S. J. Hunter, P. Eng. of Vancouver, B.C.

This report is dated September 27th, 1966 and basically repeats but also adds significant data relating to more recent publication of continued and successful development by other companies exploring in the area beyond that which was known at the time of his Preliminary Report on the New Far North Exploration group of 18 claims that was dated April 1st, 1966.

A proposed program of ground development is quoted in full as follows: -

- " Geophysical methods have proved successful thus far in locating the mineral occurrences in this district.
- " In view of the favourable geophysical survey results and also of the encouraging geological similarities to successfully developed deposits in the area to date, the following exploration program is proposed to explore the Fair group of claims:-
 - 1 - Establish a base camp on Rose Creek and support by helicopter from either the Vangorda or Faro airstrips. Freight essential supplies from Whitehorse by truck.
 - 2 - Locate the key mineral claims Fair 37, 38, 39, 40, 41, 42 on the ground.
 - 3 - Run an east-west base line for control along the north and south boundaries of these claims and cross grid the area at 400 foot intervals by cut lines.

FURTHER DEVELOPMENT cont'd.

- 4 - Conduct a magnetometer survey over the grid on 100 foot spacing on the 400 foot lines.
- 5 - Soil sample any anomalous areas that result from the magnetometer survey.
- 6 - Prepare a geological plan from results of the above surveys.

- " The working period is estimated at 2 months with a cost of \$13,000.

A General Statement was made at the end of the Report and quote:-

" In view of the favourable geology on the Fair claim group and the encouraging results from the aerial magnetometer survey and further, considering the proximity of the Fair claims to the Faro zone of the Anvil Mining Company, it is the writer's opinion that the recommended program and finances are justified to investigate the economic worth of the Fair Claim Group.

NOTE- I am in agreement with this general statement.

TIME ELEMENT ON DEVELOPMENT.

The consulting and engineering firm of J. R. Needham and Associates has been given a contract to undertake the above mentioned development program which is to be started as soon as mobilization of the field party can be organized and moved to the property.

" A.W. Jeckell, P. Eng."

Consulting Mining Engineer,
NEW FAR NORTH EXPLORATION LIMITED.

October 8, 1966.

"VEZ" and "TAL" CLAIMS
BABINE LAKE AREA PROPERTY
 North Central British Columbia.

of

NEW FAR NORTH EXPLORATION LIMITED
 Suite 1024, 85 Richmond St., West.
 Toronto, Ontario.

AREA-

70 claims, - square contiguous group.

-2¼ miles in N.- S. direction

-2¼ miles in E.- W. direction at North Boundary

-2½ miles in E. - W. direction at South Boundary

LOCATION -

The west boundary is in and parallel to the east shore line, about midway up the northern arm of Babine Lake at the extreme north end of the lake.

QUALIFYING OR PRELIMINARY REPORT -

- By Mr. W.G. Hainsworth P. Eng., Consulting Geologist of West Vancouver, dated June 15th, 1966 states; -
 - " The New Far North claims are most favourably located with respect to producers in the area.
 - " Granisle Mines located 10 miles to the south is coming into production this fall with a daily rate of 5,000 tons and an ore reserve of 22½ million tons of 0.53% Copper.
 - " Noranda Mines is presently developing an ore picture 4 miles to the south.
 - " Falconbridge Nickel Mines is presently working with 3 drills on interesting ore occurrences some 1½ miles to the west across the lake.
 - " It appears that the low areas, those hidden by overburden would be the regions most apt to be underlain by siliceous formations. In the Babine Area, the granitic plugs have proved the most favourable locations for copper mineralization. This is true at Granisle and Noranda where granitic materials are the host rocks.
 - " There is some evidence that alteration of certain areas of the New Far North claims may have been caused by direct or indirect intrusion. This is a most encouraging aspect and should be thoroughly investigated.

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QUALIFYING OR PRELIMINARY REPORT con't. -

- " In addition, mineralization (copper) is known to exist on the property in a diorite environment.
- " Recommendations for further work include the geological mapping of the property along east-west picket lines spaced at 400 foot intervals.
- " Soil cover is sufficiently thin to warrant a geochemical survey. This should be conducted along the same picket lines and contemporaneous with the geological survey.
- " Such general exploration, designated Phase 1., is estimated to cost \$15,700.
- " Phase 2. covering detailed exploration, would entail Induced Polarization survey over recommended areas as outlined by the geological and geochemical surveys.

1966 DEVELOPMENT -

J. R. Needham and Associates were engaged to undertake the surveys as recommended in the preliminary Report.

Under date of September 30th, 1966, a Progress Report states that : -

- " Line cutting is completed and the soil sampling will be completed by October 1st.
- " A preliminary sampling map should be available by October 10th.
- " The geological survey will be completed on the 1st. and this report, along with the final geochemical report, should be available by the 15th of October.

"A.W. Jeckell, P. Eng.
Consulting Mining Engineer.

NEW FAR NORTH EXPLORATION LTD.

NEW FAR NORTH EXPLORATION LIMITED

Report to the Shareholders

Since the change in management and control of your Company early last year and the move of the Executive Office to Toronto, exploration activities have been directed exclusively towards the search for molybdenum in areas of known potential in Eastern Ontario, more specifically in the Townships of Brougham and Griffith in one project, and in Cardiff and Monmouth Townships, Bancroft area, in another.

In the current year, further work on the Cardiff and Monmouth project will be carried out under our option agreement with Molybdenum Corporation of America; and your Company will engage in the exploration of a group of 18 claims in the Vangorda Creek area of the Yukon, in which your Company has acquired a 90% interest. Reluctantly, the claims in Brougham and Griffith Twps. are being dropped inasmuch as after a considerable amount of work, it became clear that no molybdenum orebody of commercial proportions could be located. This action was taken on the advice of A. W. Jeckell, P.Eng., consulting mining engineer.

On the 36 claims (or equivalent) held by your Company in Cardiff and Monmouth Twps., Bancroft area, Ontario, the option agreement with Molycorp remains in effect and that company has advised us that it intends to continue with Step Two of the three-step agreement entered into last July. The first step, which called for an expenditure by Molycorp of \$25,000 for diamond drilling, geochemical sampling and other work, has been completed. Under Step Two, Molycorp may spend an additional \$50,000 in the event the first stage provided encouraging results. Up to the end of last November, the U.S. company had spent slightly over \$25,000 on Step Two, and as soon as weather conditions in the area permit, it will continue where it left off at that time due to the winter conditions.

Under the agreement, with the satisfactory completion of Step Two, a new company or companies may be formed (on or before Dec. 31, 1967) in which your Company will have the right to participate in the financing of further development of the properties, to the extent that we may earn a maximum of 49% interest, with Molycorp retaining a minimum 51% interest and having overall control and direction.

PROGRESS OF CARDIFF MOLYBENDUM EXPLORATION PROJECT

The diamond drilling program which was started by Molycorp on the Cardiff claims last year was interrupted by severe winter weather. Up to that point a total of \$16,724 had been spent for this purpose of which your Company contributed \$7,412 — which amount is credited against monies required of your Company in the financing of the new company or companies if proceeded with under Step Three.

We have engaged R. Massey Williams, P.Eng., consulting geologist, to report on the progress of work on the Cardiff claims and in a report submitted Jan. 28, 1966, Mr. Williams states that the work program to date has indicated ore grade values in molybdenum. Further work is scheduled to determine the grade and tonnage potential of the holdings.

Specifically, Mr. Williams reports that on the Monmouth claims, a total of 1,125 samples including 651 sludge, 254 core and 220 rock cut samples were assayed for MoS_2 . Trenching, drilling and sampling of Zone No. 1 showed it to be uneconomic. Zone No. 2, in limestone, gave surface samples assaying from trace to 0.50% molybdenite. Core and sludge samples ranged from trace to 0.35%. The No. 3 zone has still to be prospected.

On the Cardiff claims, Mr. Williams reports that the limited surface drilling program so far has indicated good grade across mineable widths. It has been drilled to a depth of 225 feet and traced on surface for a length of 200 feet. It is open both horizontally and vertically. Further diamond drilling will be required to determine its mine-making possibilities, Mr. Williams comments.

As for the program upcoming for the spring and summer season, soon to start, Mr. Williams believes it will be sufficient to determine the grade and potential tonnage of the various showings on both the Monmouth and Cardiff claims. He cautions, however, that considerable further work remains to be done to permit an intelligent assessment of the commercial possibilities.

It is worth noting, we think, that Ontario, centre of Canada's steel industry, which is the largest consumer of molybdenum, has little or no production of the mineral. The search for moly in the Haliburton region dates back to World War I when there was some modest production from the area. The current high demand and increased price has stimulated new activity in the area.

THE VANGORDA CREEK PROPERTY

Your Company has acquired a 90% interest in a group of 18 claims in the Vangorda Creek area of the Yukon, situated about 8 miles west of the Faro anomaly of Dynasty Explorations Limited (now held in the name of Anvil Mines) in the Ross River area. The Faro zone has an indicated 40,000,000 tons of 10% combined lead and zinc with some silver, according to a recent company statement reported in The Northern Miner of April 28. The report on your Company's new property, prepared by S. J. Hunter, P.Eng., consulting geologist, notes that in this area also, Kerr Addison Mines has proven through diamond drilling an ore zone containing 9,400,000 tons of 8% combined lead and zinc with 0.3% copper and 2 ozs. silver per ton.

Your Company's claims, known as the Fair Group, occupies the favourable bed of schists between Rose Creek and Anvil Creek, Mr. Hunter reports. No mineralization has yet been found on these claims, but the geological environment would, he believes, encourage possibilities for such mineral occurrence. He has recommended a program estimated to cost approximately \$40,000 which would include an aerial geophysical survey, the construction of a tote road to the property, the establishment of ground control over any anomalies detected by the aerial survey followed by a ground E.M. survey, soil sampling, stripping, prospecting and rotary test drilling of any anomalous sections thought to contain mineral. The work program commenced recently with an aerial magnetometer survey which, Mr. Hunter reports, has indicated an excellent and strongly responsive anomaly on part of the group area.

FINANCIAL STATEMENT — NOTICE OF ANNUAL MEETING

Financial Statements for the year ending Dec. 31, 1965, are herewith submitted and your Company's present financial position is adequate for the work programs planned for the immediate future.

The Annual Meeting of shareholders will be held in Toronto this year, on Wednesday, June 8th, 1966 at the time and place you will find on the accompanying Notice of Meeting. For those unable to attend this meeting, a proxy form is enclosed in order that you may exercise your vote. An addressed envelope is provided for the return of these proxies by those not attending in person.

The past year has been most interesting. While we met with disappointment on the Brougham and Griffith Twps. project which showed such early promise, we are greatly heartened by the results being obtained on the Cardiff and Monmouth claims by Molycorp. The fact that we will continue direct field exploration this year — on the Yukon claims — is also an activity we are looking forward to with interest because of the Fair Group's favourable geological location and the promising result of the first step taken in our exploration program. As further progress is made on both undertakings, shareholders will be kept informed — and we believe there is every reason to anticipate that good progress can be made in the months ahead.

On behalf of the Board of Directors,

C. C. HOOPER,
President.

May 10th, 1966.

NEW FAR NORTH EXPLORATION LIMITED

AUDITORS' REPORT

To the Shareholders,

NEW FAR NORTH EXPLORATION LIMITED:

We have examined the accompanying balance sheet of New Far North Exploration Limited as at December 31, 1965 and the statements of deficit, deferred expenditure and source and application of funds for the year ended on that date. Our examination included a general review of the accounting procedures and such tests of accounting records and other supporting evidence as we considered necessary in the circumstances. We have received all the information and explanations we have required.

In our opinion, the accompanying balance sheet and related statements of deficit, deferred expenditure and source and application of funds present fairly the financial position of the Company as at December 31, 1965 and the results of its operations for the year ended on that date in accordance with generally accepted accounting principles applied on a basis consistent with that of the preceding year.

Toronto, Canada,
March 29, 1966.

NEFF, GOODWIN & CO.,
Chartered Accountants.

NEW FAR NORTH EX

Balance Sheet as at

ASSETS

CURRENT ASSETS:

Cash in bank	\$ 786.94	
Cash on deposit	101,000.00	
Accrued interest	1,134.25	\$102,921.19

MINING PROPERTIES — at cost:

British Columbia claims: acquired for 750,000 shares of capital stock valued by the directors at five cents per share	\$ 37,500.00	
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Brougham and Griffith Townships, Ontario:

— claims acquired for cash (note 3)	2,500.00	
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Monmouth Township, Ontario:

— claims acquired for cash (note 7)	2,617.03	
— option payments on claims (notes 4, 6, 8)	10,000.00	

Cardiff Township, Ontario:

— option on mining claims acquired for cash (notes 5, 6, 8) ...	5,000.00	57,617.03
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Deferred exploration and administration expenditure		80,185.19
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\$240,723.41

- NOTES: (1) During the year ended December 31, 1965, the Company issued 1,000,000 shares of capital stock for \$280,000.00 cash.
- (2) The Company, under a special resolution of the Board of Directors, which was approved by the Shareholders on June 18, 1965, has provided for an increase in the authorized capital stock from 4,000,000 shares of no par value to 7,500,000 shares of no par value, by the creation of an additional 3,500,000 shares of no par value. The Company has filed a formal application to the Government of Alberta for authority to implement this resolution.
- (3) The Company has granted an option to purchase these claims at a price of \$2,600.00 cash, exercisable on or before June 30, 1966.
- (4) By an agreement dated May 3, 1965, the Company acquired an option to purchase seven unpatented mining claims and an option to acquire the right to enter upon, explore, exploit and develop the mining rights on two patented mining claims, all in Monmouth Township, Ontario. The option agreement, as amended, provided for further payments of \$5,000.00 on March 15, 1966, \$10,000.00 on September 15, 1966 and \$25,000.00 on March 15, 1967. In addition, the Company would be required to form a new company on or before March 15, 1967 to acquire the claims. The optionor would receive 50% of the vendor shares (90% escrowed) issued for the mining claims by the new company and a royalty of \$25.00 per ton of molybdenum metal removed from the mining claims. The payment required on March 15, 1966 has been made.
- (5) Pursuant to an agreement dated July 6, 1965, the Company paid \$5,000.00 cash to acquire an option to purchase certain mining claims located in Cardiff Township, Ontario. The Company has agreed to perform exploration and development work to a minimum value of \$10,000.00 before March 31, 1966 and a further \$10,000.00 before December 31, 1966.* In order to fully exercise the option, the Company would be required to form a new 3,000,000-share company on or before September 20, 1967 to acquire the mining claims. The optionor would receive 50% of the vendor shares (subject to escrow requirements) issued for the mining claims by the new company. (* See note 6 (b).)

PLORATION LIMITED

December 31, 1965

LIABILITIES

CURRENT LIABILITIES:

Bank loan	\$ 13,036.98	
Accounts payable	3,890.92	\$ 16,927.90
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CAPITAL STOCK:

Authorized: 4,000,000 shares of no par value

Issued and fully paid:

For mining claims	870,000 shares	\$ 55,500.00
For exploration expenditure	60,000 shares	6,000.00
For cash	2,040,003 shares	554,253.00
	<hr/>	
	2,970,003 shares	\$615,753.00

Deficit	391,957.49	223,795.51
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\$240,723.41

- (6) (a) The Company has entered into a working option agreement with Molybdenum Corporation of America covering its claims held under option in Monmouth and Cardiff Townships. Molybdenum has completed its commitment under Step One, to spend \$25,000.00 on exploration of the claims and has the right to spend a further \$50,000.00 on exploration as Step Two, and to thereby acquire the right to receive as consideration for its exploration expenditure a minimum of 51% of the issued capital stock of the company or companies that could be formed pursuant to the option agreements referred to in notes (4) and (5).
- (b) The Company and Molybdenum have jointly completed a drilling programme on the Cardiff Township claims and the requirements to spend \$10,000.00 in exploration on these claims by March 31, 1966, has been met. The money spent by Molybdenum on this programme is credited against the \$50,000.00 requirement of Step Two as referred to in (a).
- (7) The agreement referred to in note (6) gives Molybdenum the right to require the Company to include any part of the claims owned by the Company in Monmouth Township in the working option agreement. This right expires March 31, 1966.
- (8) As consideration for procuring the Molybdenum working option, the Company has granted a 5% undivided interest in its interests in mining claims covered by the said working option. This interest would revert to the Company if the option is not exercised.
- (9) By agreement dated March 2, 1966, the Company has agreed to purchase a 90% interest in 18 unpatented mining claims located in the Whitehorse Mining District, Yukon Territory, for \$1,800.00 cash payable on the date of acceptance for filing of the Company's prospectus with the Ontario and Alberta Securities Commissions.

Approved on behalf of the Board:

COLIN C. HOOPER, Director.
S. TAYLOR, Director.

NEW FAR NORTH EXPLORATION LIMITED

STATEMENT OF DEFERRED EXPENDITURE For the Year Ended December 31, 1965

	Balance December 31, 1964	1965	Balance December 31, 1965
EXPLORATION AND DEVELOPMENT:			
BRITISH COLUMBIA:			
Diamond drilling, roads and bridges	\$ 19,150.68*	\$	\$ 19,150.68
Contract expenditure	13,011.42		13,011.42
Licenses, fees and taxes		205.50	205.50
Consulting fees	200.00	345.40	545.40
Assaying	43.20		43.20
	<u>\$ 32,405.30</u>	<u>\$ 550.90</u>	<u>\$ 32,956.20</u>
* Includes \$3,927.78 paid in 1965 re 1964 operations.			
BROUGHAM AND GRIFFITH TOWNSHIPS, ONTARIO:			
Wages	\$	\$ 29,704.70	\$ 29,704.70
Equipment rental and repair		20,430.52	20,430.52
Consulting fees and expenses	500.00	14,799.26	15,299.26
Diamond drilling		18,348.00	18,348.00
Mining contractor's fees		11,257.59	11,257.59
Supplies		12,744.42	12,744.42
Assaying		5,827.07	5,827.07
Travel and transportation		4,536.39	4,536.39
Geophysical survey		3,900.00	3,900.00
Telephone and telegraph		643.79	643.79
Licenses and fees		304.50	304.50
	<u>\$ 500.00</u>	<u>\$122,496.24</u>	<u>\$122,996.24</u>
MONMOUTH TOWNSHIP, ONTARIO:			
Consulting fees and expenses		\$ 968.50	\$ 968.50
Recording fees		69.50	69.50
		<u>\$ 1,038.00</u>	<u>\$ 1,038.00</u>
CARDIFF TOWNSHIP, ONTARIO:			
Consulting fees		\$ 350.00	\$ 350.00
Diamond drilling		7,412.34	7,412.34
		<u>\$ 7,762.34</u>	<u>\$ 7,762.34</u>
TOTAL EXPLORATION AND DEVELOPMENT	<u>\$ 32,905.30</u>	<u>\$131,847.48</u>	<u>\$164,752.78</u>
ADMINISTRATION AND GENERAL:			
Legal and audit fees	\$ 8,313.63	\$ 11,978.13	\$ 20,291.76
Travel	9,494.39	1,083.70	10,578.09
Executive Office services	5,000.00	3,400.00	8,400.00
Advertising and publicity	2,393.41	3,122.60	5,515.01
Telephone and telegraph	2,950.30	123.04	3,073.34
Directors' fees	2,000.00	375.00	2,375.00
Office supplies and expense	1,735.58	157.27	1,892.85
Transfer agency fees	402.47	1,667.25	2,069.72
Government fees and taxes		1,545.10	1,545.10
Shareholders' meetings and reports		1,834.65	1,834.65
General expense	828.04	110.00	938.04
Interest and bank charges		186.85	186.85
	<u>\$ 33,116.82</u>	<u>\$ 25,583.59</u>	<u>\$ 58,700.41</u>
Less: Interest earned		4,336.27	4,336.27
TOTAL ADMINISTRATION AND GENERAL	<u>\$ 33,116.82</u>	<u>\$ 21,247.32</u>	<u>\$ 54,364.14</u>
	<u>\$ 66,022.12</u>	<u>\$153,094.80</u>	<u>\$219,116.92</u>
Less: Expenditure relating to Brougham and Griffith Townships option, written off:			
Exploration expenditure			\$122,996.24
Pro rata portion of 1965 administration expenditure			15,935.49
			<u>\$138,931.73</u>
TOTAL DEFERRED EXPENDITURE			<u>\$ 80,185.19</u>

NEW FAR NORTH EXPLORATION LIMITED

STATEMENT OF DEFICIT

For the Period from Incorporation December 30, 1955 to December 31, 1965

Mining properties abandoned during the period from incorporation to December 31, 1964:

Acquisition costs:

Cash	\$ 85,392.47	
600,000 shares of capital stock (now represented by 120,000 shares) valued by the directors at 3 cents per share	18,000.00	\$103,392.47
		<hr/>

Exploration expenditure:

Cash	\$ 33,508.95	
60,000 shares of capital stock valued by the directors at 10 cents per share	6,000.00	39,508.95
		<hr/>

Administration and general expenditure for the period from incorporation to December 31, 1962	93,037.34
Loss on sale of investments	6,840.00
	<hr/>

Less: Net revenue arising from assessment work for other companies 4,060.00

Balance, December 31, 1964 \$238,718.76

Mining properties abandoned:

Nanaimo Mining Division, British Columbia, claims:

Acquisition cost	\$ 1,000.00
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Brougham and Griffith Townships option:

Option payments	11,000.00
Exploration expenditure	122,996.24
Administration expenditure	15,935.49
	<hr/>

Organization expense 2,307.00 153,238.73

Balance, December 31, 1965 \$391,957.49

NEW FAR NORTH EXPLORATION LIMITED

STATEMENT OF SOURCE AND APPLICATION OF FUNDS For the Year Ended December 31, 1965

SOURCE:

Sale of 1,000,000 shares of capital stock	\$280,000.00
Interest earned	4,336.27
	<u>\$284,336.27</u>

APPLICATION:

Exploration and development expenditure including \$3,927.78 paid in 1965 re 1964 operations	\$135,775.26
Administration expenditure	25,583.59
Purchase of mining claims	5,117.03
Option payments on mining claims	20,000.00
Repayment of advances from shareholders	52,813.30
	<u>239,289.18</u>

Balance, representing the increase in working capital, as set out below . . . \$ 45,047.09

	December 31 1965	1964	
Current assets	\$102,921.19	\$ 42,946.20	
Current liabilities	16,927.90	2,000.00	
Working capital	<u>\$ 85,993.29</u>	<u>\$ 40,946.20</u>	<u>\$ 45,047.09</u>

